

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1737 – HB 2108

February 6, 2016

**SUMMARY OF ORIGINAL BILL:** Extends, from March 31 to June 30, the deadline for a licensed wholesaler, importer, or supplier to apply for a refund of taxes or fees paid on any petroleum products subsequently sold free of tax to a governmental agency holding an exemption permit, for any exempt sales made during the previous calendar year on which a claim for refund has not previously been made. Removes a requirement that, in order to qualify for a tax exemption, a governmental agency must purchase petroleum products in lots of at least 500 gallons and complete the delivery of such products within 72 hours following commencement of the delivery.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (011940):** Adds language to the original that effectively deletes an exemption from minimum purchase requirements for sales of petroleum products through a customer-controlled pump.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

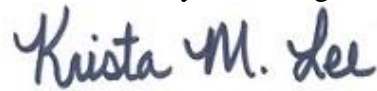
- Pursuant to Tenn. Code Ann. § 67-3-413(a), a licensed wholesaler who has paid any taxes and fees on any petroleum products subsequently sold free of tax to a governmental agency holding an exemption permit is authorized to apply for a refund of such taxes or fees. A licensed supplier or importer may claim a credit on the distributor report or may in the alternative file for a refund.
- Pursuant to Tenn. Code Ann. § 67-3-413(b)(1), an application for refund or credit must be filed on or before the last day of the second month following the month in which the exempt sales were made. However, pursuant to Tenn. Code Ann. § 67-3-413(b)(2), an application may be filed between January 1 and March 31 of any year, for any sales made during the previous calendar year on which a claim for refund has not previously been made.

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- Extending the time period allowed for such application to June 30 is estimated not to result in a significant increase in refunds issued to licensed wholesalers, importers, or suppliers. It is assumed that the current two-tiered structure of the refund process allows sufficient time for such entities to submit refund applications to the Department of Revenue.
- Removing the specified purchasing requirements for governmental agency tax exemption eligibility will not result in a significant impact on the number of agencies receiving such exemption. Any impact on state or local revenue will be not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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